Complicated process of loans in Banks

†3905. SHRI JHUMU K LAL BHENDIA : Will the Minister of FINANCE be pleased to state:

(a) whether there has been a decline in taking loans from banks by the industries due to complicated process of advancement of loan and recession in industrial sector ;

(b) whether one of the reasons is the higher rate of interest on loans in India as compared to other countries ;

(c) if so, whether in the atmosphere of global competition and industrial recession banks have any plan to attract companies for loans by simplifying the loan process; and

(d) if not, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) : (a) No, Sir, As per Reserve Bank of India (RBI) outstanding gross bank credit by major Scheduled Commercial Banks rose from Rs. 400818 crores to Rs. 469153 crores as on the last reporting Friday of March, 2000 and March 2001 respectively.

(b) to (d) Reserve Bank of India has given adequate flexibility to Banks in prescribing interest rates to facilitate credit flow in recent times. Interest rates infact soften in line with the expectation. Further, RBI has given greater operational freedom to Banks in the matter of credit dispensation and has advised Banks to evolve an appropriate system for assessing the credit needs of borrowers within the prescribed prudential guidelines and exposure norms. Banks are now required to lay down with the approval of their respective boards, transparent policy and guidelines for extension of credit.

Illegal Money in Stock Market

3906. SHRI K. M. SAIFULLAH : Will the Minister of FINANCE be pleased to state:

(a) whether huge amouts of illegal money had found its way into the stock market; and

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†Original notice of the question was received in Hindi.